BENCHMARK BOTANICS INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three and nine months ended September 30, 2019

MANAGEMENT DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis ("MD&A") of the company provides a discussion and analysis of the financial condition and results of operations to enable a reader to assess material changes in the financial condition and results of operations as at and for the three and nine months ended September 30, 2019 and 2018. The MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements and notes thereto ("Financial Statements") of Benchmark as at and for the nine months ended September 30, 2019 and 2018, and the audited consolidated financial statements and the notes thereto for the years ended December 31, 2018 and 2017.

The accompanying Financial Statements include the accounts of the Company and its wholly owned subsidiary Potanicals located in Peachland, BC. All inter-company balances and transactions have been eliminated on consolidation.

The Financial Statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts included in this MD&A are in Canadian dollars, except where otherwise specified and per unit basis.

The Company operates at the following locations:

Head office and corporate: 105-6111 London Road, Richmond BC V7E 3S3

Registered and Records office: Suite 2600-595 Burrard Street, Vancouver, British Columbia V7X 1L3, Canada

Production facility: 4715 Paradise Valley Dr, Peachland BC V0H 1X3

This MD&A has been prepared as of November 29, 2019.

Non-IFRS Measures

This MD&A refers to certain non-IFRS measures. These measures are not recognized under IFRS, do not have a standardized meaning prescribed by IFRS and are therefore unlikely to be comparable to similar measures presented by other companies. Rather, these measures are provided as a supplement to those IFRS measures to provide additional information regarding the Company's results of operations from management's perspective. Accordingly, non-IFRS measures should not be considered a substitute for, or superior to, the financial information prepared and presented in accordance with IFRS. All non-IFRS measures presented in this MD&A are reconciled to their closest reported IFRS measure.

LEGAL NOTICE REGARDING FORWARD-LOOKING STATEMENTS

This MD&A may contain "forward-looking information" within the meaning of Canadian securities legislation ("forward-looking statements"). These forward-looking statements are made as of the date of this MD&A and Company does not intend, and does not assume any obligation, to update these forward-looking statements, except as required under applicable securities legislation. Forward-looking statements relate to future events or future performance and reflect Company management's expectations or beliefs regarding future events and include, but are not limited to, the Company and its operations, its projections or estimates about its future business operations, its planned expansion activities, the adequacy of its financial resources, future economic performance. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. In this document, certain forward-looking statements are identified by words including "may", "future", "expected", "intends" and "estimates". By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, but are not limited to, the factors discussed in the section "Risk Factors" as well as those factors detailed from time to time in the Company's interim and annual financial statements and management's discussion and analysis of those statements, all of which are filed and available for review under the Company's profile on SEDAR at www.sedar.com and CSE website at www.thecse.ca. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. The Company provides no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

Accordingly, readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made. Readers are advised to consider such forward-looking statements considering the risks set forth in the Risks section of this MD&A. The Company does not undertake to update any forward-looking statements that are incorporated by reference herein, except in accordance with applicable securities laws.

BUSINESS OVERVIEW

Benchmark Botanics Inc. (the "Company" or "Benchmark") was incorporated under the Business Corporation Act of Alberta on November 23, 2009. On November 2, 2017, the Company acquired Potanicals Green Growers Inc. ("Potanicals") through a reverse acquisition transaction.

Potanicals, a wholly owned subsidiary of the Company, is a British Columbia company and a licensed producer of medical marijuana under the *Cannabis Act* (Canada) and its relevant regulations (the "**Cannabis Act**"), which came into force on October 17, 2018. Potanicals has a production facility in Peachland, British Columbia. The facility is located at 4715 Paradise Valley Dr, Peachland BC V0H 1X3. The facility is situated on two contiguous land plots that total 20 acres. The land which houses the Facility has been zoned for the production and distribution of large-scale medical marijuana.

Benchmark through Potanicals, cultivates and produces pharmaceutical grade medical and recreational cannabis, it has multi licenses under the Cannabis Act and its regulations (formerly the Access to

Cannabis for Medical Purposes Regulations (the "ACMPR")). The Company carries out its principal activities of cultivating and harvesting cannabis from its first facility in Peachland, BC., a 12,700 square foot indoor Peachland Cannabis Complex. The Company utilizes advanced cultivation methods and has established significant partnerships in the cannabis industry within Canada and overseas.

On August 30, 2018, the Company entered into an Earn-in and Shareholders' Agreement to acquire and develop a four-acre greenhouse facility (the "The Pitt Meadows Greenhouse Operations") into a licensed medical cannabis cultivation operation. The Pitt Meadows Greenhouse Operations will be Benchmark's primary cultivation facility when completed. Located on a 5-acre property, the Pitt Meadows Greenhouse Operations will have a total of 174,240 sq. ft. facility.

The Company prides itself on growing only the highest quality cannabis that meets and exceeds the requirements of the most stringent regulatory environments in the world. Benchmark vigorously follows industry best practices for cultivating, harvesting, curing, trimming and packaging. It uses only the highest quality seeds, nutrients and the state-of-the-art growing techniques in all production processes.

Benchmark's common shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "BBT".

INVESTMENT IN 1139000 B.C. LTD

On August 30, 2018, the Company entered into an Earn-in and Shareholders' Agreement (the "Agreement") with 1139000 B.C. Ltd. ("1139") and its shareholders to acquire and development a four acre greenhouse facility (the "Facility") into a licensed medical cannabis cultivation operations in Pitt Meadows, BC.

The 1139 existing shareholders will earn their initial 75% ownership interest in 1139 by financing all the costs and expenses relating to the purchase, design, construction and upgrading of the Facility into a facility that meets the requirements of a licensed cultivation and production of medical cannabis facility under ACMPR which was replaced by *Cannabis Act* (Canada) and its relevant regulations (the "Cannabis Act") effectively on October 17, 2018.

The Company will earn its initial 25% ownership interest in 1139 by obtaining Health Canada's approval to extend its licence for cultivation and production of medical cannabis under the Cannabis Act to the Facility. According to the Agreement, the Company will have the option to acquire from 1139's shareholders an additional 26% ownership interest in 1139 when the Facility reaches a Commercial Stage as defined by the Agreement. The Company will pay for the additional 26% at its fair value to be determined at the time when the option is exercised by issuance of the Company's common shares. If the Company is not successful in extending the licence for cultivation and production of medical cannabis to the Facility and 1139 commences the sale of the Facility within 90 days of the termination of the Agreement to an at arm's length buyer, the Company agreed to indemnify 1139 for the loss resulting from the disposition of the Facility.

As at this MD&A report date, the Company has not obtained approval for extending its licence for cultivation and production of medical cannabis under the Cannabis Act to the Facility, and has not yet earned its initial 25% ownership interest in 1139.

STRATEGY

Benchmark is positioned to provide partnership opportunities and acquisition offers to licensed producers and ancillary businesses within the global cannabis industry. The Company's current focus is to accelerate its business growth and expansion plans including entering joint ventures, acquiring of greenhouses, developing exclusive partnerships with North American cannabis companies, setting up GMP standard practices, creating alliances throughout the cannabis space with doctors, scientists, pharmacies, retail, partnering with micro-growers ; exploring hemp farmers for CBD extraction and fiber markets etc., and pursuing import and export contracts under the *Cannabis Act* (Canada) and its relevant regulations (the "**Cannabis Act**").

RECENT DEVELOPMENTS AND SUBSEQUENT EVENTS

1. **Definitive Investment Cooperation Agreement with China-based Zhejiang Yatai Pharmaceutical**:

On May 27, 2019, the companies signed the definitive investment cooperation agreement, whereby the parties agreed to set up the new joint venture company in Canada. The new company will have a share capital of $14 million CAD, of which Zhejiang Yatai will invest $7 million CAD cash, accounting for 50% of the new company's share capital; BBT will cause its wholly-owned subsidiary Potanicals Green Growers Inc. ("PGG") to use its existing Health Canada issued license to apply for a license for property to be acquired by the new company (the "Facility") for cannabis cultivation, processing, and sale thereon and in exchange BBT will receive 25% of the new company's share capital (with a cash equivalent of $3.5 million CAD); and Rippington Investment ("RI") will invest $3.5 million CAD, accounting for the remaining 25% of the new company's share capital. RI is a private company incorporated under the *Business Corporations Act* (British Columbia).

Objective of the Agreement

The objective of the Investment Cooperation Agreement is to explore business opportunities in the Cannabis industry, subject to compliance with Canadian Cannabis and Hemp Regulations and Act, to become involved in cultivation, manufacture, processing, and marketing of high CBD (cannabidiol) cannabis products; the cultivation and R&D of medical cannabis; and the extraction, isolation, and purification of high-CBD cannabis oil for commercial; and any other activities as approved by the Board of Directors. Future products from the joint venture company may also be marketed, sold and distributed in countries and jurisdictions where cannabis products are legal.

Primary Components of the Joint Venture

The company name will be YATAI & BBT Biotech Ltd.

A limited liability corporation is to be established pursuant to the laws and regulations of Canada with the company's first issue of 14 million shares will be made as follows:

- Yatai Pharmaceutical will purchase 7,000,000 shares for $7,000,000 CAD, representing 50% of the initial issued shares. The contributions will be made in two stages. In the first stage Yatai Pharmaceutical will contribute $4 million CAD and in second stage Yatai Pharmaceutical will contribute $3 million CAD.

- BBT will receive 3,500,000 shares, representing 25% of the initial issued shares, by causing PGG to use its existing Health Canada issued license to apply a license for the Facility for cannabis cultivation, processing, and sale. The shares will be issued at the time of the joint venture company's incorporation.

- RI will purchase 3,500,000 shares for $3,500,000 CAD, representing 25% of the initial issued shares. The contributions will be made in two stages. In the first stage RI will contribute $2 million CAD and in second stage RI will contribute $1.5 million CAD.

The company's business scope will be to explore business opportunities in the cannabis industry, subject to compliance with the Canadian cannabis legislation and regulations, promote high content of CBD industrial hemp cultivation, cultivation, processing, marketing and medical cannabis cultivation, research and development and high purity CBD-based cannabinoid extraction, separation, purification and commercialization of multi-field applications and other activities to be determined by the company.

The joint venture company will make full use of the existing resources and the company's experience in the field of drug development, promote the cultivation of high content of CBD industrial hemp cultivation, processing, marketing, research and development of medical cannabis and high purity CBD-based cannabinoids extraction, separation, purification and development.

2. Private Placement

On June 6, 2019, the Company has closed its non-brokered private placement financing (the "Private Placement") of 28,250,000 units (each, a "Unit") at a price of $0.40 per Unit for total gross proceeds of $11,300,000. Each Unit is comprised of one common share of the Company (each, a "Share") and one common share purchase warrant (each whole warrant, a "Warrant"). Each Warrant shall be exercisable into one Share at a price of $1.00 for a period of 24 months from the closing date of the Private Placement.

3. Developments occurring during the three months ended September 30, 2019:

- <u>Cannabis Sales License Received from Health Canada</u>

The Company, through its 100% owned subsidiary, Potanicals Green Growers, Inc. ("**Potanicals**") has received a sales license from Health Canada, effective July 26, 2019.

The license allows Benchmark to supply and sell finished cannabis products to provincial governments throughout Canada and through Canada's approved distribution and retail supply chain. Benchmark will be providing recreational and medical dried cannabis, capsules and other forms of cannabis products, as the Government of Canada makes more forms of the product legal for sale and consumption later this year.

- <u>Cannabis Supply Agreement with British Columbia</u>

In September, the Company, through its wholly owned subsidiary, Potanicals Green Growers Inc. ("Potanicals"), has signed a Licensed Producer Supply Agreement for Non-Medical Cannabis with the Province of British Columbia. Benchmark has signed an agreement with the BC Liquor Distribution Branch (BCLDB), the sole, wholesale distributor of non-medical cannabis for British Columbia (BC) that will operate standalone, public retail stores and provide online sales.

- <u>Extraction Facility under Construction</u>

On July 10, 2019, the Company entered into a purchase agreement with a construction company which provides the goods and services for construction of an 10,000 sq. ft. extraction indoor facility, which is located in the Company Peachland Cannabis Complex.

- <u>Updates on Investment Cooperation Agreement with Zhejiang Yatai Pharmaceutical</u>

During the three months ended September 30, 2019, Zhejiang Yatai has received approval and acceptance of filing from the Administrative Office of Keqiao District of Shaoxing City in China for Overseas Investment Projects to establish a joint venture company to build an industrial cannabis facility in Canada with Benchmark as planned under the Investment Cooperation Agreement.

During the three months ended September 30, 2019, Zhejiang Yatai has also received an Enterprise Overseas Investment Certificate issued by the Zhejiang Provincial Department of Commerce, allowing Zhejiang Yatai to invest and transfer funds from China in order to make their CAD$7 million investment into the new joint venture company with Benchmark. The CAD$7 million investment has been received by the new joint venture company.

INDUSTRY AND MARKET TRENDS AND REGULATORY DEVELOPMENTS

Our business and activities are heavily regulated in all jurisdictions where we carry on business. The following provides a description of certain applicable regulatory developments since the fiscal year ended December 31, 2018 that had the potential to impact the Company's financial performance.

Amendments to the Cannabis Regulations

On October 17, 2019, the Regulations Amending the Cannabis Regulations came into force (the "**Further Regulations**"). The Further Regulations amend the Cannabis Act and Cannabis Regulations to, among other things, allow the production and sale of extracts (including concentrates), edibles and topicals by parties holding the appropriate licenses in addition to dried cannabis, fresh cannabis, cannabis seeds, cannabis plants and cannabis oil. The first notices of new cannabis products in respect of the new product forms authorized under the Further Regulations could be submitted as of October 17, 2019 with sale being permitted 60 calendar days after the applicable date of submission. The Company has submitted the necessary notices of new cannabis products (such as vaporizers) in respect of the new product forms for sales of such new products beginning the fourth quarter of 2019.

Provincial and Territorial Distribution Frameworks for Regulated Adult-Use Cannabis

While the Cannabis Act and Cannabis Regulations provide for the regulation of the commercial production, processing, distribution and sale (for medical purposes) of cannabis and related matters by the federal government of Canada, the provinces and territories of Canada regulate the distribution, sale and consumption of adult-use cannabis, such as retail licensing, minimum age requirements, places where cannabis can be consumed, and a range of other matters. The governments of every Canadian province and territory have implemented regulatory regimes for the distribution, sale and use of adult-use cannabis within those provinces; however, these regulatory regimes continue to evolve over time.

Restrictions on Business Activities in the United States

The Company currently does not engage in or invest in any commercial activities related to the cultivation, distribution or possession of cannabis in the U.S.

Summary of Quarterly Results

The following table presents selected financial information from continuing operations for the most recent eight quarters:

	Q3 2019	Q2 2019	Q1 2019	Q4 2018	Q3 2018	Q2 2018	Q1 2018	Q4 2017
	Sep-30	Jun-30	Mar-31	Dec-31	Sep-30	Jun-30	Mar-31	Dec-31
Revenue	-	134,844	-	-	-	-	-	-
Gross profit before fair value adjustments	-	85,363	127,862	33,992	124,430	265,837	-	-
Operating expenses	1,387,452	1,420,243	1,503,637	1,867,845	1,620,438	1,428,320	962,715	1,560,923
Loss from operations	(1,226,953)	(1,358,718)	(1,375,775)	(1,833,853)	(1,496,008)	(1,162,483)	(962,715)	(1,560,923)
Other (income) expenses	50,724	(19,255)	(3,474)	122,450	-	500,000	-	2,179,852
Net loss	(1,176,229)	(1,339,463)	(1,372,301)	(1,956,303)	(1,496,008)	(1,662,483)	(962,715)	(3,740,775)
Loss per share - basic	(0.008)	(0.009)	(0.010)	(0.014)	(0.011)	(0.012)	(0.007)	(0.094)
Weighted average number of shares - Basic	154,993,506	146,569,351	142,576,705	140,784,569	139,627,322	138,747,974	137,234,080	39,938,045

The increases in quarterly net loss during the quarter ended December 31, 2017 was a result of increased expenditures incurred by the Company after the RTO. During the quarter ended December 31, 2017, the Company recorded listing costs of $2,179,852 with respect to the reverse takeover of Potanicals. The Company also recorded share-based compensation expenses of $598,273 for the quarter ended December 31, 2017.

Financial Results – Highlights for the three months ended September 30, 2019

- Net loss for the three months ended September 30, 2019 was $1,176,229, compared to a net loss of $1,496,008 for the three months ended September 30, 2018. The decrease in net loss for the three months ended September 30, 2019 was mainly due to the decrease in expenses of $232,986.

- EBITDA before share-based compensation expenses, Fair value changes in biological assets included in inventory sold and other inventory charges and unrealized gain on changes in fair value of biological assets ("Adjusted EBITDA") for the three months ended September 30, 2019 decreased to a negative $997,682 from a negative $868,510 for the same time period of last year.

- At September 30, 2019, the Company had working capital of $7,847,980 (December 31, 2018 - $793,516).

RESULTS OF OPERATIONS

The following table sets forth consolidated statements of operations and balance sheet data, which is expressed in Canadian dollars, except share and per share amounts, for the indicated periods.

	Three-Month Period Ended (Unaudited)		Nine-Month Period Ended (Unaudited)	
	09/30/2019	09/30/2018	**09/30/2019**	09/30/2018
Revenue	**-**	-	**134,844**	-
Gross profit before fair value impacts in cost of sales	**-**	-	**85,363**	-
Gross margin	**-**	-	**63%**	-
Operating expenses	**1,387,452**	1,620,438	**4,321,332**	4,011,473
Loss from operations	**(1,226,953)**	(1,496,008)	**(3,961,446)**	(3,621,206)
Other income	**50,724**	-	**73,453**	(500,000)
Net loss	**(1,176,229)**	(1,496,008)	**(3,887,993)**	(4,121,206)
EBITDA	**(1,082,872)**	(1,431,834)	**(3,615,812)**	(3,927,949)
Adjusted EBITDA	**(997,682)**	(868,510)	**(3,102,364)**	(3,244,126)
Loss per share				
Basic	**(0.008)**	(0.011)	**(0.023)**	(0.030)
Diluted	**(0.006)**	(0.011)	**(0.019)**	(0.029)
Weighted average number of shares				
Basic	**154,993,506**	139,627,322	**171,337,047**	138,186,799
Diluted	**185,850,173**	142,293,989	**202,253,714**	140,853,466

Revenue

Total revenue for the nine months ended September 30, 2019 was $134,844 (September 30, 2018 - $nil) from sales of dried cannabis to another license producer. The total quantity of cannabis sold during the nine months ended September 30, 2019 was 24,517 grams (September 30, 2018 – nil) at a sale price of $5.50.

Cost of Sales

Inventory production costs expensed to cost of sales consists of two main categories:

- *Production costs.* These costs are capitalized to biological assets as costs directly attributable to growing the plants to the point of harvest, transferred to inventory upon harvest and recognized in cost of sales when the inventory is sold. These costs include direct costs such as director labor, nutrients, soil, and seeds, as well as other indirect costs such as utilities, an allocation of indirect labor, and depreciation of equipment used in the growing process.

- *Processing costs.* These costs are capitalized to inventory and then recognized in cost of sales when the inventory is sold. These costs represent post-harvest costs incurred to bring harvested cannabis to its saleable condition, which include drying and curing, testing and packaging, and overhead allocation.

Inventory production costs expensed to cost of sales during the nine months ended September 30, 2019 were $49,481, as compared to $nil in the same period of last year.

Fair value adjustments consist of two main categories:

- *Unrealized Change in Fair Value of Biological Assets.* This line item represents the effect of the non-cash fair value adjustments of biological assets produced in the period, excluding capitalized production costs.

- *Realized Fair Value Adjustments on Inventory Sold.* This line item represents the effect of the non-cash fair value adjustments capitalized to inventory being recognized in the statement of operations as the corresponding inventory is sold.

During the nine months ended September 30, 2019, the Company reported an unrealized gain on the changes in fair value of its biological assets of $347,628 (September 30, 2018 - $390,267). This represents the change in the carrying value of the Company's medical cannabis plants at the point of harvest. The Company commenced the process of growing medical cannabis in January 2018.

Gross profit before fair value impacts in cost of sales (non-IFRS measure)

Gross margin before fair value impacts in cost of sales for the nine months ended was $85,363 (September 30, 2018 - $nil), or 63.3% of revenue.

Expenses

	Three-Month Period Ended (Unaudited)		Nine-Month Period Ended (Unaudited)	
	09/30/2019	09/30/2018	09/30/2019	09/30/2018
Consulting fees	156,660	162,850	432,610	454,400
Depreciation	66,522	64,174	196,879	193,257
Depreciation on right of use assets	13,242	-	56,946	-
Director fees	23,875	13,446	70,625	39,996
Insurance	25,052	3,504	81,219	13,091
Interest on lease liabilities	1,335	-	18,356	-
Management fees	124,776	124,500	373,500	368,500
Marketing expenses	84,947	28,801	196,489	140,169
Office and general	139,164	80,747	322,409	294,124
Professional fees	13,559	67,463	120,705	209,454
Rent	3,406	34,468	14,503	91,721
R&D	-	40,725	6,595	40,725
Salaries and benefits	443,653	190,114	1,275,115	651,578
Share-based compensation	184,842	687,754	787,971	1,074,090
Supplies	18,215	3,709	39,223	37,836
Utilities	5,547	-	30,688	-
Travel and entertainment	82,657	118,183	297,499	402,532
	1,387,452	1,620,438	4,321,332	4,011,473

General and administrative expenses

For the three months ended September 30, 2019, general and administrative expenses were $1,387,452 compared to $1,620,438 for the three months ended September 30, 2018. General and administrative expenses slightly decreased by $232,986 from 2018 to 2019.

The decrease of $232,986 in general and administrative expenses was primarily due to $502,912 decrease in share-based compensation expenses, $53,904 decrease in professional fees, $40,725 decrease in R&D expenses, and $35,526 decrease in travel and entertainment expenses, offset by $253,539 increase in salary and benefits, $56,146 increase in marketing expenses and $58,417 increase in office and general expense.

Salary and benefits amounted to $443,653 for the three months ended September 30, 2019 compared to $190,114 for the three months ended September 30, 2018. The increase was a result of hiring of additional personnel to enhance the Company's management, production and administration team due to the increase operating activities.

For the nine months ended September 30, 2019, general and administrative expenses were $4,321,332 compared to $4,011,473 for the nine months ended September 30, 2018. General and administrative expenses increased by $309,859 from nine months ended September 30, 2018 to the same period of 2019.

The increase of $309,859 in general and administrative expenses was primarily due to $623,537 increase in salary and wages, $69,234 increase in insurance expenses, $30,629 increase in director fees, and $56,320 increase in marketing expenses, offset by $88,749 decrease in professional fees, $286,119 decrease in share-based compensation expenses, and $105,033 decrease in travel and entertainment expenses.

Income Taxes

Benchmark and its subsidiary did not accrue any income taxes for the nine months ended September 30, 2019 and 2018 as no taxable income was generated.

Net Loss and Comprehensive Loss

For the three and nine months ended September 30, 2019, net loss was $1,176,229 and $3,887,993 respectively, compared to a net loss of $1,496,008 and $4,121,206 for the corresponding period of 2018. The decrease of net loss was caused by the decrease in operating expenses and other expenses.

Adjusted EBITDA Reconciliation (Non-IFRS Measure)

A reconciliation of Adjusted EBITDA to net income, the most comparable financial measure, is presented in the following table.

	Three Months Ended September 30		**Nine Months Ended September 30**	
	2019 (Unaudited)	**2018 (Unaudited)**	**2019 (Unaudited)**	**2018 (Unaudited)**
Net loss	(1,176,229)	(1,496,008)	(3,887,993)	(4,121,206)
Add				
Depreciation	66,522	64,174	196,879	193,257
Depreciation on right of use assets	13,242	-	56,946	-
Interest on lease liabilities	1,335	-	18,356	-
EBITDA	**(1,095,130)**	**(1,431,834)**	**(3,615,812)**	**(3,927,949)**
Fair value changes in biological assets included in inventory sold and other inventory charges	73,105	-	73,105	-
Unrealized gain on changes in fair value of biological assets	(160,499)	(124,430)	(347,628)	(390,267)
Share-based compensation expenses	184,842	687,754	787,971	1,074,090
Adjusted EBITDA	(997,682)	(868,510)	(3,102,364)	(3,244,126)

Adjusted earnings before interest, tax, depreciation and amortization ("**Adjusted EBITDA**") is used by management as a supplemental measure to review and assess operating performance and trends on a comparable basis. Adjusted EBITDA is defined as net income or loss, excluding interest expense, income tax expense or recovery, depreciation and amortization, share-based payments, unrealized change in the fair value of biological assets, Fair value changes in biological assets included in inventory sold, write-off of deposit, write-off of inventory and listing expenses.

The Company believes that Adjusted EBITDA provides a useful tool for assessing the comparability between periods of its ability to generate cash from operations. See *"Results of Operations – Adjusted EBITDA Reconciliation (Non-IFRS Measure)"* for a reconciliation of Adjusted EBITDA to its closest reported IFRS measure.

LIQUIDITY AND CAPITAL RESOURCES

Cash totaled $3,540,697 as at September 30, 2019, as compared to $328,112 as at December 31, 2018.

Cash used in operating activities

For the nine months ended September 30, 2019, cash used in operating activities was $3,649,962 compared to cash used in operating activities of $3,778,292 for the quarter ended September 30, 2018.

Cash used in investing activities

For the nine months ended September 30, 2019 cash used in investing activities was $4,550,316 compared to cash used in investing activities of $145,044 for the nine months ended September 30, 2018. Cash used in investing activities during the period ended September 30, 2019 mainly relates to the loan receivable of $3,110,000 and the acquisition of property and equipment of $1,440,316 (2018 - acquisition of property and equipment $145,044).

Loan receivable was the loan made to 1139000 B.C. Ltd., which the Company entered into an Earn-in and Shareholders' Agreement (the "Agreement") with. The Company will earn its initial 25% ownership interest in 1139 by obtaining Health Canada's approval to extend its license for cultivation and production of medical cannabis under the Cannabis Act to the Facility. According to the Agreement, the Company will have the option to acquire from 1139's shareholders an additional 26% ownership interest in 1139 when the Facility reaches a Commercial Stage as defined by the Agreement.

The loan is due on demand. The loan accrued interest at 8% per year with a due date as at June 30, 2020, calculated and accrued quarterly and payable all at due date.

Property, plant and equipment, net of accumulated depreciation and amortization

As at September 30, 2019, net property, plant and equipment was $6,255,177, an increase of $1,243,437 from $5,011,740 as at December 31, 2018. Increase in property, plant and equipment is mainly due to the addition of plant, machinery and equipment of $1,440,316 as part of Potanicals' production facilities, offset by the depreciation expenses of $196,879.

On July 10, 2019, the Company entered into a purchase agreement with a construction company which provides the goods and services for construction of an extraction building. The total purchase price is $1,650,000, of which $1,150,000 was paid during the three months ended September 30, 2019.

Cash provided by financing activities

For the nine months ended September 30, 2019, cash generated from financing activities was $11,412,863 compared to cash generated from financing activities of $2,239,310 for the nine months ended September 30, 2018. The increase was mainly a result of $11,553,333 in proceeds from the share issuance compared to a $2,226,322 in proceeds from the share issuance for the nine months ended September 30, 2018.

During the nine months ended September 30, 2019, there were 1,266,667 shares issued on exercise of stock options for total proceeds of $253,333.

On June 6, 2019, the Company has closed its non-brokered private placement financing (the "Private Placement") of 28,250,000 units (each, a "Unit") at a price of $0.40 per Unit for total gross proceeds of $11,300,000.

For the nine months ended September 30, 2018, cash generated from financing activities was $366,322, which was from the proceeds on the shares issued by the exercised of stock options.

On September 5, 2018, the Company completed a non-brokered private placement and issued 2,666,667 units (the "**Units**") at a price per Unit of $0.75 for net proceeds of $1,860,000.

COMMITMENTS

(a) On July 1, 2017, the Company entered into a lease agreement with a related party for leasing of office premises located at 105 – 6111 London Road, Richmond, BC V7E 3X3. The Company agreed to pay an annual rent of $27,000 until the lease expires on June 30, 2020.

(b) On November 29, 2017, the Company entered into a lease agreement for office premises located in Toronto, Ontario. The Company agreed to pay an annual rent of $20,000 from January 1, 2018 until the lease expires on December 31, 2020.

(c) On July 10, 2019, the Company entered into a purchase agreement with a construction company which provides the goods and services for construction of an extraction building in Peachland BC. The total purchase price is $1,650,000, which $1,150,000 was paid during the three months ended September 30, 2019.

(d) The Company agreed to indemnify the shareholders of 1139000 B.C. Ltd for the disposition loss on sale of a facility under certain conditions.

(e) The Company has several consulting agreements with its key management personnel. These agreements do not have specific expiry dates.

OFF-BALANCE SHEET ARRANGEMENTS

As at the date of this MD&A, the Company had no material off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the financial performance or financial condition of the Company.

TRANSACTIONS WITH RELATED PARTIES

The Company has identified its directors and senior officers as its key management personnel. No post-employment benefits, other long-term benefits or termination benefits were made during the nine months ended September 30, 2019 and 2018. Short-term key management compensation consists of the following:

	Nine Months Ended September 30, 2019	Nine Months Ended September 30, 2018
	$	$
Salaries	250,200	75,000
Management fees	373,500	368,500
Director fees	70,625	39,446
Consulting fees	54,000	27,000
Share compensation expenses	442,703	286,232
	1,191,028	796,178

<u>Related party balances and transactions</u>

a) As of January 2, 2019, one of the Company's significant shareholders had provided the Company with a revolving loan up to a total amount of $3,000,000, bearing no interest. The principal has no specific repayment term and was payable on demand.

   The loan balance including principal in the amount of $2,728,300 was paid back on June 6, 2019 when the Company completed its private placement.

b) During the nine months ended September 30, 2019, the Company incurred $31,500 (September 30, 2018 - $27,180) in rental expenses to a director the Company, which was included in the depreciation on right of use assets.

   The above transactions were entered into in the normal course of operations and were recorded at their exchange amounts established and agreed to between the related parties. The balances are non-interest bearing, unsecured and have no fixed terms of repayment.

FINANCIAL INSTRUMENTS

Fair values

The Company's financial instruments include cash, other receivables and accounts payable. The carrying amounts of these financial instruments are a reasonable estimate of their fair values because of their current nature.

The following table summarizes the carrying values of the Company's financial instruments:

	September 30, 2019	December 31, 2018
	$	$
Financial assets at fair value through profit or loss (i)	3,540,697	328,112
Financial assets at amortized cost (ii)	3,216,408	41,651
Financial liabilities at amortized cost (iii)	283,844	286,074

(i) Cash
(ii) Other receivables and loan receivable
(iii) Accounts payable

The Company classifies its fair value measurements in accordance with the three-level fair value hierarchy as follows:

Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities
Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices), and
Level 3 – Inputs that are not based on observable market date

The following table sets forth the Company's financial assets measured at fair value by level within the fair value hierarchy as follows:

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Cash				
September 30, 2019	3,540,697	-	-	3,540,697
December 31, 2018	328,112	-	-	328,112

Interest Rate and Credit Risk

Credit risk is the risk of loss associated with counterparty's inability to fulfill its payment obligations. Management evaluates credit risk on an ongoing basis. The primary sources of credit risk for the Company arise from its financial assets consisting of cash and other receivables. The carrying value of these financial assets represents the Company's maximum exposure to credit risk. To minimize credit risks the Company only holds its cash with chartered Canadian financial institutions. As at September 30, 2019 and December 31, 2018, the Company has no financial assets that are past due or impaired due to credit risk defaults.

Currency Risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the foreign currency exchange rates. The Company's functional currency is the Canadian dollar. All the Company's financial instruments are denominated in Canadian dollars and all current operational activities occur within Canada. In management's opinion there is no significant foreign exchange risk to the Company.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's objective to managing liquidity risk is to ensure that it has sufficient liquidity available to meet its liabilities when due. The Company uses cash to settle its financial obligations as they fall due. As of September 30, 2019, the Company had cash and cash equivalents of $3,540,697 (December 31, 2018: $328,112). As of September 30, 2019, the Company had working capital of $7,847,980 (December 31, 2018 - $793,516 working capital).

The following are the contractual maturities of financial liabilities:

	Carrying Amount	Contractual Cash Flows	Within 1 year	Within 2 years	Within 3 years
September 30, 2019					
Accounts payable	283,844	283,844	283,844		
December 31, 2018					
Accounts payable	286,074	286,074	286,074	-	-

CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of the interim consolidated financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which affect the application of accounting policies and the reported amounts of assets, liabilities and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected. Significant estimates include:

- Estimating the stage of growth of the biological assets, the cannabis plants, up to the point of harvest, the expected future yields from the cannabis plants, their values during the growth cycle, costs to convert the harvested cannabis to finished goods, their sales price and net realizable value;
- Determining the useful lives of property and equipment;

- Determining the fair value of the shares and options deemed to be issued on the reverse acquisition transaction; and
- Estimating the value of variables used to calculate the fair value of share-based payment transactions.

Critical judgements in applying accounting policies that have the most significant effect on the amounts recognized in the interim consolidated financial statements include the following:

- the evaluation of the Company's ability to continue as going concern;
- The determination of write-off in the carrying costs of inventory;
- the recognition and valuation of impairment of property and equipment; and
- income tax and estimates about timing, likelihood and reversal of temporary differences between accounting and tax basis of the assets and liabilities.

In assessing the probability of realizing income tax assets recognized, management makes estimates related to expectations of future taxable income, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each jurisdiction. Where applicable tax laws and regulations are either unclear or subject to ongoing varying interpretations, it is reasonably possible that changes in these estimates can occur that materially affect the amounts of income tax assets recognized. In addition, future changes in tax laws could limit the Company from realizing the tax benefits from the deferred tax assets. The Company reassesses unrecognized income tax assets at each reporting period.

CHANGE IN ACCOUNTING POLICIES

The following standards became effective for annual periods beginning on or after January 1, 2019, with earlier application permitted. The nature and impact of each new standard is described below:
Accounting standards effective for annual periods beginning on or after January 1, 2019

IFRIC 23 *Uncertainty over income tax treatments* - IFRIC 23 clarifies the application of recognition and measurement requirements in IAS 12, Income taxes, when there is uncertainty over income tax treatments. It specifically addresses whether an entity considers each tax treatment independently or collectively, the assumptions an entity makes about the examination of tax treatments by taxation authorities, how an entity determines taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, and how an entity considers changes in facts and circumstances. IFRIC 23 will be effective for the Company's fiscal year beginning on January 1, 2019, with earlier application permitted. The Company will adopt this interpretation as of its effective date. The Company has performed a preliminary analysis and has not assessed any significant impact to the Company's future results and financial position.as a result of the adoption of this standard.

IFRS 16 *Leases* - IFRS 16 supersedes IAS 17 *Leases and* requires how leases will be recognized, measured, presented and disclosed. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is twelve months or less or the underlying asset has a low value. For leases where the Company is the lessee, it recognizes a right-of-use asset and a lease liability for its office premises leases previously classified as operating leases. The Company adopted the modified retrospective approach on transition to IFRS 16 on January 1, 2019 and has chosen not to restate comparative information in accordance with the transitional provisions in IFRS16. As a result, the comparative information continues to be presented in accordance with the Company's previous accounting policies.

On adoption of IFRS 16, the Company recognized lease liabilities on office premises which had previously been classified as operating lease under IAS 17. The lease liabilities were measured at the present value of the remaining lease payments, discounted using the Company's incremental borrowing rates applies to the lease liabilities on January 1, 2019. The weighted average incremental borrowing rate applied to the lease liabilities on January 1, 2019 was 15% per annum. The details of the lease liabilities recognized as at January 1, 2019 are as follow. The weighted average lease term remaining as at January 1, 2019 is approximately 3.3 years.

	As at January 1, 2019
	$
Operating lease commitment disclosed as at December 31, 2018	209,712
Discount of future commitments as at January 1, 2019	(23,314)
Extension options reasonably certain to exercise	24,126
Lease liabilities recognized as at January 1, 2019	210,524

Right-of-use assets

The following is the continuity of the cost and accumulated depreciation of right-of-use assets (office premises leases) as at and for the period ended September 30, 2019:

	September 30, 2019
Cost	$
Balance, January 1, 2019 and September 30, 2019	196,352
Accumulated depreciation	
Balance, January 1, 2019	-
Depreciation	56,946
Balance, September 30, 2019	56,946
Carrying amount as at September, 2019	139,406

Lease liabilities

The following is the continuity of lease liabilities as at and for the period ended September 30, 2019:

	September 30, 2019
Cost	$
Balance, January 1, 2019 and September 30, 2019	196,352
Accumulated depreciation	
Balance, January 1, 2019	-
Depreciation	56,946
Balance, September 30, 2019	56,946
Carrying amount as at September, 2019	139,406

CAPITAL MANAGEMENT

The Company's objectives when managing capital are to ensure that there are adequate capital resources to safeguard the Company's ability to continue as a going concern and maintain adequate levels of funds to support its operations and development such that it can continue to provide returns to shareholders and benefits for other stakeholders.

The capital structure of the Company consists of items included in shareholders' equity and debt, net of cash and cash equivalents. The Company manages its capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the Company's underlying assets. In order to maintain or adjust its capital structure, the Company may issue new shares or seek debt financing to ensure that there is sufficient working capital to meet its short-term business requirements. There were no changes in the Company's approach to capital management during the nine months ended September 30, 2019.

The Company is not subject to externally imposed capital requirements.

OUTSTANDING SHARE CAPITAL

Benchmark has authorized an unlimited number of common voting shares without par value. The following table summarizes the maximum number of ordinary shares issued and allotted as at September 30, 2019 and December 31, 2018, and as of the date of this MD&A if all outstanding options and warrants were converted to shares:

	November 29, 2019	September 30, 2019	December 31, 2018
Common shares	171,545,594	171,545,594	142,028,927
Stock options	8,506,666	8,506,666	9,563,333
Share purchase warrants	30,916,667	30,916,667	2,666,667
Fully diluted shares	210,968,927	210,968,927	154,258,927

TRENDS AND OUTLOOK

The medical marijuana industry has experienced significant changes in Canada with the introduction of the ACMPR and the impending impetus to legalize cannabis for recreational use. This has generated an increase in investment in the industry and an overhaul to the way potential clients will be able to obtain cannabis in Canada. Benchmark plans to continue monitoring industry trends.

RISK FACTORS

This section discusses factors relating to the business of Company that should be considered by both existing and potential investors. The information in this section is intended to serve as an overview and should not be considered comprehensive and the Company may face risks and uncertainties not discussed in this section, or not currently known to us, or that we deem to be immaterial. All risks to the Company's business have the potential to influence its operations in a materially adverse manner.

Reliance on License

The ability of the Company to successfully grow, store and sell medical marijuana in Canada is dependent on Potanical's current production license from Health Canada (the "License"). The License is subject to ongoing compliance and reporting requirements. Failure to comply with the requirements and terms of the License or any failure to maintain the License or any failure to renew the License after its expiry date, would have a material adverse impact on the business, financial condition and operating results of the Company. Although the Company believes that it will meet the requirements of the MMPR for future extensions or renewals of the License, there can be no assurance that Health Canada will extend or renew the License or, if extended or renewed, that it will be extended or renewed on the same or similar terms. Should Health Canada not extend or renew the License, or should they renew the License on different terms, the business, financial condition and operating results of the Company would be materially adversely affected.

Regulatory Risks

Some of the proposed activities of the Company will be subject to regulation by governmental authorities, including, but not limited to, Health Canada's Office of Controlled Substances. The Company's business objectives are contingent upon, in part, compliance with regulatory requirements enacted by these governmental authorities and obtaining all regulatory approvals, where necessary, for the sale of its products. The Company cannot predict the time required to secure all appropriate regulatory approvals for its products, or the extent of testing and documentation that may be required by governmental authorities. Any delays in obtaining, or failure to obtain regulatory approvals would significantly delay the development of markets and products and could have a material adverse effect on the business, results of operations and financial condition of the Company. Furthermore, although the operations of Potanicals are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail the Company's ability to produce or sell medical cannabis. Amendments to current laws and regulations governing the importation, distribution, transportation and/or production of medical cannabis, or more stringent implementation thereof could have a substantial adverse impact on the Company.

Governmental Regulations and Risks

The Company's operations will be subject to environmental regulation in the jurisdiction in which it operates. These regulations mandate, among other things, the maintenance of air and water quality standards and land reclamation. They also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations. Government approvals and permits are currently, and may in the future, be required in connection with the Company's operations. To the extent such approvals are required and not obtained, the Company may be curtailed or prohibited from its proposed production of medical cannabis or from proceeding with the development of its operations as currently proposed. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. The Company may be required to compensate those suffering loss or damage by reason of its operations and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing the production of medical cannabis, or more stringent implementation thereof, could have a material adverse impact on the Company and cause increases in expenses, capital expenditures or production costs or reduction in levels of production or require abandonment or delays in development.

Limited Operating History

While Potanicals was incorporated and began carrying on business in 2014, it is yet to generate any revenue. The Company is therefore subject to many of the risks common to early-stage enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial, and other resources and lack of revenues. There is no assurance that the Company will be successful in achieving a return on Shareholders' investment and the likelihood of success must be considered considering the early stage of operations.

History of Losses

The Company has incurred losses in recent periods. The Company may not be able to achieve or maintain profitability and may continue to incur significant losses in the future. In addition, the Company expects to continue to increase operating expenses as it implements initiatives to continue to grow its business. If the Company's revenues do not increase to offset these expected increases in costs and operating expenses, the Company will not be profitable.

Volatile Stock Price

The stock price of the Company is expected to be highly volatile and will be drastically affected by governmental and regulatory regimes and community support for the medical cannabis industry. The Company cannot predict the results of its operations expected to take place in the future. The results of these activities will inevitably affect the Company's decisions related to future operations and will likely trigger major changes in the trading price of the common shares of the Company.

Risks Inherent in an Agricultural Business
The Company's business may, in the future, involve the growing of medical cannabis, an agricultural product. Such business will be subject to the risks inherent in the agricultural business, such as insects, plant diseases and similar agricultural risks. Although all such growing of the Company is expected to be completed indoors under climate-controlled conditions, there can be no assurance that natural elements will not have a material adverse effect on any such future production.

Energy Costs
The Company's medical cannabis growing operations will consume considerable energy, which will make the Company vulnerable to rising energy costs. Accordingly, rising or volatile energy costs may, in the future, adversely impact the business of the Company and its ability to operate profitably.

Reliance on Management
Another risk associated with the production and sale of medical cannabis is the loss of important staff members. The Company is currently in good standing with all high-level employees and believes that with well managed practices it will remain in good standing. The success of the Company will be dependent upon the ability, expertise, judgment, discretion and good faith of its senior management and key personnel. While employment agreements are customarily used as a primary method of retaining the services of key employees, these agreements cannot assure the continued services of such employees. Any loss of the services of such individuals could have a material adverse effect on the Company's business, operating results or financial condition.

Insurance and Uninsured Risks
The Company's business is subject to a number of risks and hazards generally, including adverse environmental conditions, accidents, labour disputes and changes in the regulatory environment. Such occurrences could result in damage to assets, personal injury or death, environmental damage, delays in operations, monetary losses and possible legal liability.

Although the Company maintains and intends to continue to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance will not cover all the potential risks associated with its operations. The Company may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards encountered in the operations of the Company is not generally available on acceptable terms. The Company might also become subject to liability for pollution or other hazards which may not be insured against or which the Company may elect not to insure against because of premium costs or other reasons. Losses from these events may cause the Company to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

The Company will be an Entrant Engaging in a New Industry
The medical cannabis industry is fairly new. There can be no assurance that an active and liquid market for the common shares of the Company will develop and Shareholders may find it difficult to resell their shares. Accordingly, no assurance can be given that the Company will be successful in the long term.

Dependence on Suppliers and Skilled Labour

The ability of the Company to compete and grow will be dependent on it having access, at a reasonable cost and in a timely manner, to skilled labour, equipment, parts and components. No assurances can be given that the Company will be successful in maintaining its required supply of skilled labour, equipment, parts and components. This could have an adverse effect on the financial results of the Company.

Difficulty to Forecast

The Company must rely largely on its own market research to forecast sales as detailed forecasts are not generally obtainable from other sources at this early stage of the medical cannabis industry in Canada. A failure in the demand for its products to materialize as a result of competition, technological change or other factors could have a material adverse effect on the business, results of operations and financial condition of the Company.

Management of Growth

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

Internal Controls

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company has undertaken a number of procedures and will implement a number of safeguards, in each case, in order to help ensure the reliability of its financial reports, including those imposed on the Company under Canadian securities law, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations or cause it to fail to meet its reporting obligations. If the Company or its auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's consolidated financial statements and materially adversely affect the trading price of the common shares of the Company.

Liquidity

The Company cannot predict at what prices the common shares will trade, and there can be no assurance that an active trading market in the common shares will develop or be sustained. There is a significant liquidity risk associated with an investment in the common shares of the Company.

Dilution

The Corporation may issue equity securities to finance its activities, including future acquisitions. If the Company was to issue common shares, existing holders of such common shares may experience dilution in their holdings. Moreover, when the Company's intention to issue additional equity securities becomes publicly known, the Company's share price may be adversely affected.

Litigation

The Company may become party to litigation from time to time in the ordinary course of business which could adversely affect its business. Should any litigation in which the Company becomes involved be determined against the Company such a decision could adversely affect the Company's ability to continue operating and the market price for the common shares of the Company and could use significant resources. Even if the Company is involved in litigation and wins, litigation can redirect significant company resources.

Benchmark Botanics Inc.

William Ying
Chief Executive Officer
November 29, 2019